



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 14, 2003

H.R. 1189

A bill to increase the waiver requirement for certain local matching requirements for grants provided to American Samoa, Guam, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands, and for other purposes

As ordered reported by the House Committee on Resources on May 7, 2003

Under current law, federal agencies are allowed to waive the requirement for the first \$200,000 of local matching funds for federal grants to the territories of American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands. H.R. 1189 would increase that waiver from \$200,000 to \$500,000.

CBO estimates that enacting H.R. 1189 would increase direct spending by \$2 million annually. The territories would be allowed to spend less of their own funds for several mandatory programs including the Temporary Assistance for Needy Families, Medicaid, Food Stamp, and Child Support Enforcement (CSE) programs. Federal contributions to the territories are capped for most programs, so federal spending would generally remain unchanged. However, funding for the territories is not capped for administrative costs in the Food Stamp and CSE programs. We estimate that federal spending would increase by about \$1 million a year for each of the programs. Guam and the Virgin Islands participate in those programs.

Under H.R. 1189, each territory's contribution would be reduced by \$300,000 in each of the Food Stamps and CSE programs, and the federal payment to the territory would be increased by that amount. In addition, CBO expects that the territories would use some of the waived amounts to draw down additional federal matching funds in those programs. In total, assuming an enactment date of October 1, 2003, CBO estimates that federal spending for those programs would increase by about \$2 million annually, beginning in fiscal year 2004.

CBO estimates that increasing the local matching fund waiver would not have a significant effect on the value of grants awarded that are subject to appropriation.

H.R. 1189 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. Enacting this legislation would benefit the affected territories.

The CBO staff contacts for this estimate are Matthew Pickford, and Kathleen FitzGerald and Sheila Dacey. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.